Guidelines for granting housing loan

†465. SHRIMAT IMAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India has recently issued some guidelines for prevention of irregularities and frauds in granting housing loan by Co-operative Banks;

(b) if so, the details thereof; and

(c) the achievement made with regard to the action taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. The Reserve Bank of India (RBI) has issued a circular on May 24, 2004 and a revised circular on September 1, 2004 to all Primary (Urban) Cooperative Banks about the growing incidence of frauds in housing finance. The details of incidence of frauds and the remedial measures to be taken by the banks are given in the Annexure. [See Appendix 2003 Annexure No. 5] The Primary (Urban) Cooperative banks have been advised by RBI to take suitable action whenever such instances come to their notice.

Measures to contain inflationary pressures in the economy

466. SHRI R.P. GOENKA: SHRI LALIT SURI:
SHRI KARNENDU BHATTACHARJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether any fresh review has been undertaken to assess the impact of various fiscal and monetary measures taken recently to contain inflationary pressure in the economy;

(b) if so, the results thereof; and

(c) the details of initiatives being taken/proposed to be taken to ease inflationary expections in the coming weeks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (b) Party as a result of various fiscal and monetary measures taken by the Government as indicated under (c) below, the annual point-to-point inflation in terms of the Wholesale Price Index

† Original notice of the question was received in Hindi.

(WPI) has come down from the peak level of 8.7 per cent reached on 28th August, 2004 to 7.3 per cent as on November 20,2004.

(c) Containment of inflation remains high on the agenda of the government Anti-inflationary policies of the government include strict fiscal and monetary discipline, rationalisation of excise and import duties of essential commodities so that there is no undue burden on the poor, effective supply-demand management of sensitive items through liberal tariff and trade policies, and strengthening the public distribution system. Specific measures taken by the government to contain inflation include the following:

On June 15,2004, government reduced excise duties on selected petroleum products to keep their domestic retail prices in check in the face of rising international prices of oil. Excise duty on petrol was reduced from 30 per cent to 26 per cent, that on high speed diesel from 14 per cent to 11 per cent and that on liquefied petroleum gas (LPG) from 16 per cent to 8 per cent.

On August 18, 2004, government reduced further excise and customs duties on selected petroleum products. Customs duty on petrol.diesel, LPG and kerosene were reduced by 5 per cent each, while excise duty was reduced by 3 per cent each for petrol and diesel and by 4 per cent for kerosene.

On August 20, 2004, government reduced customs duties on non-alloy steel and ships for breaking to 5 per cent from 10 and 15 per cent respectively in order to check high inflation in metals and metal products. Melting scrap of iron and steel was fully exempted from customs duty.

To check the liquidity overhang in the system, the Reserve Bank of India (RBI), on September 11, 2004, hiked the cash reserve ratio (CRR), to be maintained by banks, by 50 basis points to 5 per cent of their demand and time liabilities.

In a bid to control the prices of edible oils and make its availability easy, the government on September 16,2004 cut tariff values on many vegetable oils by around $50 a metric ton.

In its Mid-Term Review of the Annual Policy Statement for 2004-05 announced on October 26, 2004, the RBI hiked the reverse repo rate (i.e. the interest rate paid on bank funds placed with the RBI against government paper) by 25 basis points to 4.75 per cent.

As there was a fall in the international prices of crude oil, oil companies reduced the prices of petrol by up to Rs. 1.26 per litre with effect from November 15,2004.

Clearance of investment project in Bangalore

467. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have cleared the Rs. 178.90 crores investment proposal of a Canadian firm called Royal Indian Raj International Corporation to set up an integrated township in Bangalore;

(b) whether this is amongst the 25 foreign direct investment proposals worth Rs. 201.58 crores; and

(c) if so, the details of the Royal Indian Project?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir.

(c) The Government has allowed M/s. Royal Indian Raj international Corporation, Canada to set up a wholly owned subsidiary to establish an integrated township development which will comprise of various components like residential, commercial, IT campuses, Industrial, leisure and theme parks in Devanhalli, Bangalore, subject to fulfillment of guidelines as notified by Ministry of Urban Development & Poverty Alleviation for development of integrated township.

Withdrawal of Tax Interest on NRE Deposits

468. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have withdrawn tax interest on Non-Resident External (NRE) Deposits and Foreign Currency Non-Resident (FCNR) Deposits; and

(b) if so, the details thereof with revenue implications?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The effective date of withdrawal of tax exemption on deposits in Non-Resident (External) account and Foreign Currency Non-Resident (FCNR) account is from the 1st day of April, 2006 i.e., exemption stands